

NORTH PANOLA SCHOLL DISTRICT MISSISSIPPI

COMPLIANCE REPORT

Limited Internal Control and Compliance Review Management
For the year ended *June 30, 2020*

SHAD WHITE
State Auditor

Stephanie C. Palmertree, CPA, CGMA
Deputy State Auditor
Charlotte Duckworth
Deputy Director, *Compliance Audit Division*



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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

Limited Internal Control and Compliance Review Management Report

North Panola School District
470 Highway 51 North
Sardis, Mississippi 38666

Members of the North Panola School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for North Panola School District for the fiscal year 2020. In these findings, the Office of the State Auditor recommends that North Panola School District:

1. Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits;
2. Strengthen Internal Controls over Purchasing Procedures;
3. Ensure Compliance with State Law over Activity Fund Disbursements;
4. Ensure Compliance with State Law over Nepotism and Ethics;
5. Ensure Compliance with State Law over Ad Valorem Tax Requests and Escrows;
6. Ensure Compliance with State Law over Administrative Costs;
7. Ensure Compliance with State Law over Certified Employee's Salaries, Supplemental Contracts, and Background Checks;
8. Ensure Compliance with State Law over Reemployment of Retired Public Employees;
9. Ensure Compliance with State Law over Education Enhancement Fund Cards; and
10. Ensure Compliance with State Law over Surety Bonds.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings. This report is intended solely for the information and use of management, individuals charged with governance and Members of the Legislature, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

I hope you find our recommendations enable North Panola School District to carry out its mission more efficiently. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree".

STEPHANIE C. PALMERTREE, CPA, CGMA
Deputy State Auditor

Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the North Panola School District for the year ended June 30, 2020.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We identified certain deficiencies in internal control over financial reporting that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **SIGNIFICANT DEFICIENCIES**.

We noted certain instances of noncompliance with state laws that require the attention of management. These matters are noted under the headings **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**. The Auditor's Office has also made a recommendation for management's consideration that it is not in violation of state law.

SIGNIFICANT DEFICIENCIES

Finding 1: The School District Should Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits.

Internal Control Deficiency: *The Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Tread-way Commission* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Good internal controls require the functions of processing, recording transactions, and maintaining custody of related assets to be properly recorded to ensure the assets are safeguarded against loss from unauthorized use or theft.

Finding Detail: During the testing of the School District's activity fund deposits, the auditor noted the following exceptions out of 22 tested:

- There was a net overage of **\$67** between deposits and ticket sales for athletic events;
- Twenty – six returned/sign-out sheets were not properly completed;
- One event form did not have evidence of the beginning ticket number; therefore, the tickets sales and deposit could not be verified;
- Seven school event receipt forms were not signed by the Principal; however, a signature stamp was used; and
- Two transmittal forms were not submitted within five working days after the close of the month.

Inadequate internal controls related to activity funds revenue collections, proper receipting, and depositing could result in a loss of assets and improper revenue recognition.

Recommendation: We recommend the North Panola School District strengthen controls over activity fund revenue by enforcing policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded.

District's Response: The District will strengthen controls to ensure the proper forms are used and are properly completed for all athletic events. The Business Manager and Staff Accountant will properly train all personnel to ensure all procedures are followed as prescribed by the Mississippi Department of Education and the Office of the State Auditor.

Repeat Finding: No.

Finding 2: The School District Should Strengthen Internal Controls over Purchasing Procedures.

Internal Control Deficiency: Management is responsible for implementing proper controls surrounding the District's accounting functions. A well-designed system of internal controls should include segregating job duties to the greatest extent possible. Proper internal controls should include segregating duties within the purchasing department such as requiring a principal/director to approve purchase requisitions rather than the employee who approves purchase orders.

Finding Detail: During the review of School District's purchasing expenditures, the auditor noted 13 instances where the same individual approved both the purchase requisition and purchase order.

Failure to segregate duties within the purchasing department could result in misappropriation of public monies.

Recommendation: We recommend the North Panola School District strengthen controls over purchasing by ensuring a different employee approves purchase requisitions and purchase orders.

District's Response: The District will strengthen internal controls in the purchasing department to ensure adequate segregation of duties exist within the department.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 3: The School District Should Ensure Compliance with State Law over Activity Fund Disbursements.

Applicable State Law: *Section 37-7-301(o), Mississippi Code Annotated (1972) and Board Policy, Section D, Fiscal Management, Policy Code DJ, "Expenditure of Funds,"* requires the school board to make orders directed to the Superintendent of school for the issuance of pay certificates from lawful purposes on any available fund of the district and to have full control of the receipt, distribution, allotment, and disbursement of all funds provided for the support and operation of the school of such school district whether such funds be derived from state appropriations, local ad valorem tax collections, or otherwise. The local school board shall be authorized and empowered to promulgate rules and regulations that specify the types of claims and set limits of the dollar

amount for payment of claims by the Superintendent of schools to be ratified by the Board at the next regularly scheduled meeting after payment has been made.

Finding Detail: During the review of School District's activity funds, the auditor noted activity fund disbursements were made prior to the School Board's approval and were not ratified at the next regularly – scheduled Board meeting.

Failure to ensure Board approval prior to the disbursement of activity funds and follow adequate internal controls could result in fraud and misappropriation or loss of public monies.

Recommendation: We recommend the North Panola School District ensure compliance by requiring all payments to be approved by the Board prior to the disbursement of monies, as required by state law.

District's Response: The District has already corrected this finding. The activity funds claims are approved by the Board of Trustees before the checks are written.

Repeat Finding: No.

Finding 4: The School District Should Ensure Compliance with State Law over Nepotism and Ethics.

Applicable State Law: *Section 37-9-21, Mississippi Code Annotated (1972)*, states, "It shall be illegal for any superintendent, principal or other licensed employee to be elected by the school board if such superintendent, principal or licensed employee is related within the third degree by blood or marriage according to the common law to a majority of the member of the school board. No member of the school board shall vote for any person as a superintendent, principal or licensed employee who is related to hi within the third degree by blood or marriage or who is dependent upon him in a financial way. Any contract entered into in violation of the provisions of this section shall be null and void."

Mississippi Ethics Opinion 14-051-E, requires that: "...*Section 25-4-105(1), Miss. Code of 1972*, prohibits a school board member from using his or her official position to obtain or attempt to obtain a pecuniary benefit for his or her relatives. The term relative is defined in *Section 25-4-103(q)* and includes the board member's child. Therefore, the school board member, if elected cannot participate in any matter which would create a monetary benefit for his or her child. Examples of actions in which board member should not participate include, but are not limited to, the selection or promotion of a relative or adjustments to his or her salary, benefits or other compensation and any other action which is a necessary predicate to the relative's compensation, and any claims docket or budget from which the relative is paid, including approval of the annual school district budget. A total and complete recusal requires the board member leave the meeting room before the matter comes up for discussion and remain absent until the vote is concluded... Furthermore, any minutes or record of the meeting or other proceeding should state the recusing board member left the room before the matter cam before the board and did not return until after the vote..."

Finding Detail: During the review of the School District's related party questionnaires and Board minutes, the auditor noted two Board members did not recuse themselves in the approval for rehire of relatives within the third degree.

Failure of the Board members to recuse themselves during the vote of relatives resulted in the violation of *Mississippi Ethics Opinion 14-051-E* and *Mississippi Code Section 37-9-21*.

Recommendation: We recommend the North Panola School District ensure compliance with state law by verifying that Board members recuse themselves during the vote of relatives within the third degree.

District's Response: The Board members will recuse themselves from the approval of the hiring of relative within the third degree by blood or marriage, as required. The Board Members will also recuse themselves from any matter regarding a relative within the third degree that comes up for discussion and will remain absent until the vote is concluded.

Repeat Finding: No.

Finding 5: The School District Should Ensure Compliance with State Law over Ad Valorem Tax Request and Escrow Calculation.

Applicable State Law: *Section 27-39-207(2)(a), Mississippi Code Annotated (1972)*, states, "The school board of the school district shall advertise its intent to increase its ad valorem tax effort in dollars in a newspaper of general circulation in the county. The advertisement shall be no less than one-fourth (1/4) page in size and type used shall be no smaller than eighteen (18) point and surrounded by a one-fourth-inch solid black border. The advertisement shall not be placed in any portion of the newspaper where legal notices and classified advertisement appear. The advertisement shall appear in a newspaper that is published at least five (5) days a week, unless the only newspaper in the county is published less than five (5) days a week." Except as provided for in subsection (1) of this section, if a school district is requesting an increase in ad valorem tax effort in dollars pursuant to *Sections 37-57-105 and 37-57-107*, it shall be in the following form"

Section 27-39-207(2)(b), Mississippi Code Annotated (1972), provides that except as provided for in subsection (1) of this section, if a school district is requesting an increase in ad valorem tax effort in dollars pursuant to *Sections 37-57-105 and 37-57-107*, it shall be written in the requisite form.

Section 37-57-107(3), Mississippi Code Annotated (1972), states, "Except as otherwise provided for excess revenues generated pursuant to an election, if revenues collected as the result of the taxes levied for the fiscal year pursuant to this section and *Section 37-57-1* exceed the increase limitation, then it shall be the mandatory duty of the school board of the school district to deposit such excess receipts over and above the increase limitation into a special account and credit it to the fund for which the levy was made. It will be the further duty of such board to hold said funds and invest the same as authorized by law. Such excess funds shall be calculated in the budgets for the school districts for the purpose for which such levies were made, for the succeeding fiscal year. Taxes imposed for the succeeding year shall be reduced by the amount of excess funds available. Under no circumstances shall such excess funds be expended during the fiscal year in which such excess funds are collected."

Finding Detail: During the testing of the School District's limitation of ad valorem taxes and homestead exemption reimbursements, the auditor noted the following exceptions:

- The District's advertisement of its "Notice of Proposed Ad Valorem Tax Effort" did not meet the specifications required by law in order for the District to receive its percentage of tax increase such as:
 - The advertisement did not have the one-fourth-inch solid black border.
 - The font used was smaller than 18 point.
 - The District included additional language within the one-fourth page advertisement for fiscal year 2020.

- There was a **\$43,826** discrepancy between the ad valorem tax increase advertisement and the requested of the levying authority.
- The District received more ad valorem taxes and homestead exemption reimbursements than the amount allowed by *Section 37-57-107(3), Mississippi Code Annotated (1972)*. This excess is the result of the District not accurately advertising the tax increase in the local newspaper and receiving more tax revenue from the County than the District's base amount. Due to the calculating indicating a violation of *Section 37-57-107(3), Mississippi Code Annotated (1972)*, the excess collected during 2019-2020 year totaling **\$72,360** should be restricted for one year; however, the District only escrowed **\$28,121**.

Due to the District's tax increase advertisement no being in conformity with the specified language required in *Mississippi Code Section 27-39-207(2)(a) and (b)*, resulted in a violation of *Section 37-57-107(3), Mississippi Code Annotated (1972)*, and the excess collected during the 2019-2020 year totaling **\$72,360**. Also, an additional **\$44,239** should be restricted by the District for one year.

Recommendation: We recommend the North Panola School District ensure compliance by properly advertising its notice of ad valorem tax effort and ensure the ad valorem escrow amount is accurately calculated and included in the succeeding fiscal year's tax request.

Districts' Response: The District will include any escrowed amount of ad valorem tax in the tax request for the following year. Any escrowed amount will be set aside in a special account, as required.

Repeat Finding: No.

Finding 6: The School District Should Ensure Compliance with State Law over Administrative Costs.

Applicable State Law: *Section 37-61-9(4), Mississippi Code Annotated (1972)*, states, "There shall be imposed limitations on budgeted expenditures for certain administration costs, as defined hereinafter, in an amount not greater than One Hundred Fifty Thousand Dollars (\$150,000.00) plus four percent (4%) of the expenditures of all school districts each year.

Finding Detail: During the review of the School District's budgeting for fiscal year 2019, the auditor noted that, when considered individually, the School District exceeded the limits imposed on administrative costs as defined in *Section 37-61-9(4), Mississippi Code Annotated (1972)*, by **\$196,655**.

Attorney General Opinion No. 2008-00389 provides that "Based on the clear and unambiguous meaning of *Section 37-61-9(4) of the Mississippi Code of 1972*, the legislature imposed limitations on budgeted expenditures for certain administrative costs in an amount not greater than One Hundred Fifty Thousand Dollars (\$150,000) plus four percent of the expenditures of all school districts each year." In this opinion the Office of the Attorney General concludes that the four percent (4%) limitation established by *Section 37-61-9(4)* should not be applied for each individual school district's total expenditures.

However, the Mississippi Department of Education performs an annual calculation of each school district's administrative expenditures as a percentage of the total expenditures of the district and includes that calculation in the *Superintendent's Annual Report*. For fiscal year 2018, the Mississippi Department of Education calculated that North Panola School District's administrative expenditures were 6.04% of its total current operating expenditures, which was **\$177,839** over the 4% plus **\$150,000** limitation when considered individually.

Failure to ensure administrative costs are within the statutory limitations could result in the loss of public funds that can be expended in the classroom.

Recommendation: We recommend the North Panola School District ensure compliance by ensuring it does not exceed administrative cost limitations, as required by state law.

District's Response: The District will limit its administrative cost to the proper amounts allowed by statutes.

Repeat Finding: No.

Finding 7: The School District Should Ensure Compliance with State Law over Certified Employee's Salaries, Supplement Contracts, and Background Checks.

Applicable State Law: *Section 37-3-33, Mississippi Code Annotated (1972)*, states, "In employing and contracting with appointed superintendents, principals, and certified employees, the school board shall in all cases determine whether the amount of salary to be paid such superintendent, principal, and certified employees is in compliance with the provisions of the adequate education program. No contract shall be entered into where the salary of a superintendent, principal or certified employee is to be paid, in whole or in part, from adequate education program funds except where the requirements of said chapter as to the amount of such salary are fully met."

Section 37-9-17, Mississippi Code Annotated (1972), states, "Current criminal records background checks and current child abuse registry checks are obtained, and that such criminal record information and registry checks are on file for any new hires applying for employment as a licensed or non-licensed employee at a school and not previously employed in such school under the purview of the State Board of Education or at such local school district prior to July 1, 2000." Ultimately the criminal records information and registry must be kept on file for any and all new hires.

Section 37-19-7(1), Mississippi Code Annotated (1972), states, "The allowance in the Mississippi Adequate Education Program for teachers' salaries in each county and separate school district shall be determined and paid in accordance with the scale for teachers' salaries as provided in this subsection. For teachers holding the following types of licenses or the equivalent as determined by the State Board of Education, and the following number of years of teaching experience, the scale shall be as follows: 2019-2020 MINIMUM SALARY SCHEDULE"

Mississippi Department of Education's (MDE) Accounting Manual, Section B(d), Personnel Files, states, "There shall be individual personnel files in the school district central office, which include contracts, a copy of teacher certificates, wage authorizations, federal and state withholding authorizations, and other deduction information. Individual personnel files shall stand alone to support payroll checks issued to individuals."

Finding Detail: During the review of the School District's personnel files, the auditor noted the following exceptions out of 20 tested:

- Two certified employees did not have background checks maintained on file;
- Eleven personnel files did not contain the certified license of employees;
- Five certified teachers were overpaid **\$3,866** for the school year;
- Five certified teachers were underpaid **\$2,781** for the school year; and

- There were no supplemental contracts in the personnel files to support the payment of supplemental salaries.

Failure to obtain and maintain background checks and educator licenses within the personnel files of the District employees could result in a wrongful hire of an individual. Also, failure to ensure salaries were paid according to the appropriate salary scales and the maintenance of supplemental contracts resulted in non-compliance with state law.

Recommendation: We recommend the North Panola School District ensure compliance by obtaining and maintaining on file a current criminal background check, educator licenses, and supplemental contracts for all new hires, as required by law. Additionally, the School District should ensure all certified employees are paid according to the appropriate salaries scales.

District's Response: The District will strengthen controls to ensure all personnel files are complete, as required. The District pays all licensed employees according to their license and years of experience. At-will positions, such as coaching and tutoring, are not included in teacher contracts. However, all supplemental amounts are approved by the Board of Trustees.

Auditor's Note: The *MDE's Accounting Manual* states, "There shall be individual personnel files in the school district central office, which include contracts, a copy of teacher certificates, wage authorizations, federal and state withholding authorizations, and other deduction information. Individual personnel files shall stand alone to support payroll checks issued to individuals." Therefore, all supplemental contracts should be included in District employee's personnel files.

Repeat Finding: No.

Finding 8: The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

Applicable State Law: *Section 25-11-127(4), Mississippi Code Annotated (1972)*, states, "Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment."

Mississippi Public Employment Retirement System (PERS) Board Regulation 34, Section 105, states, "The lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five (5) days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of \$300 penalty per occurrence payable by the employer."

Section 37-6-13, Mississippi Code Annotated (1972), states, "The receipt of the compensation shall not entitle any member of a school board to receive or be eligible for any state employee group insurance, retirement or other fringe benefits..."

Section 104, PERS Regulation 34, states, "An appointed or elected official compensated solely on a per diem basis is not eligible for membership in PERS and thus not eligible for membership service credit. This includes school board members who are specifically excluded from PERS membership pursuant to *Mississippi Code Annotated § 37-6-13 (1972, as amended)* and who may elect to receive either a per diem or a monthly salary."

Finding Detail: During the review of School District's PERS Form 4Bs, the auditor noted the following exceptions out of seven tested:

- Three retirees were paid more than the allowed salary by PERS, totaling **\$10,477**;
- Seven PERS Form 4Bs did not have evidence of being filed within five days of rehire;
- All seven PERS Form 4Bs were signed by the retirees 21 to 107 days after rehire; and
- One instance where a Board Member that was a PERS retiree had matching retirement contributions totaling **\$418** paid by the District, as prohibited by statute.

Failure to file and complete the Form 4B, and comply with *Sections 25-11-127(4)* and *37-6-13* could result in overpayment of a retiree and the School District being assessed penalties by PERS.

Recommendation: We recommend the North Panola School District ensure compliance with state law and PERS by properly paying employees, completing, and filing Form 4Bs within five days of rehire.

District's Response: The Business Manager will strengthen controls to ensure the Payroll Clerk files all PERS Form 4B within five days of reemployment of retirees. The Payroll Clerk and Business Manager will pay closer attention to the earnings of all retirees to ensure they are not paid more than the allowable amount. The Business Manager and Payroll Clerk will review all payroll reports prior to submission to ensure retirement is not paid for Board Members.

Repeat Finding: No.

Finding 9: The School District Should Ensure Compliance with State Law over Education Enhancement Fund Cards.

Applicable State Law: *Section 37-61-33(3)(a)(iii), Mississippi Code Annotated (1972)*, states, "On or before September 1 of each year, local school districts shall determine and submit to the State Department of Education the number of teachers eligible to receive an allocation for the current year. For purposes of this subparagraph, "teacher" means any employee of the school board of a school district, or the Mississippi School for the Arts, the Mississippi School for Math and Science, the Mississippi School for the Blind or the Mississippi School for the Deaf, who is required by law to obtain a teacher's license from the State Department of Education and who is assigned to an instructional area of work as defined by the department, but shall not include a federally funded teacher."

Finding Detail: During the review of the School District's Education Enhancement Fund (EEF) Procurement cards, the auditor noted two long-term substitutes, who were not licensed, were issued an EEF Procurement card.

Non-licensed teachers are ineligible to receive EEF funds; therefore, the District is in violation of *Section 37-61-33(3)(a)(iii), Mississippi Code Annotated (1972)*.

Recommendation: We recommend the North Panola School District ensure compliance by strengthening controls to ensure EEF Procurement cards are not issued to teachers that are not certified, as required by state law.

District's Response: The District used its discretion in issuing EEF cards to the two long-term substitute teachers. Prior to issuing the cards, the Business Manager contacted MDE to see if they could be issued. The Mississippi Department of Education representative said it would be a District decision, so the decision was

made to issue the cards. The long-term substitutes were assigned to an instructional area of work and to a classroom with students, thus justifying the assignments.

Repeat Finding: No.

Auditor's Note: As stated in the law above, "teacher" means any employee of the School District that is required to obtain a teacher's license from the State Department of Education; therefore, it is not within the purview of the District to deem non-certified teachers as being eligible to receive EEF cards. MDE does not have the authority to waive state law.

Finding 10: The School District Should Ensure Compliance with State Law over Surety Bonds

Applicable State Law: *Section 25-1-15(4), Mississippi Code Annotated (1972)*, states, "A new bond in an amount not less than that required by law for public employees shall be secured at the beginning of each new term of office of the public or appointed official by whom they are employed, if applicable, or at least every four (4) years concurrent with the normal election cycle of the Governor."

Section 37-6-15, Mississippi Code Annotated (1972), states, "Before entering upon the discharge of the duties of his office, each member of the school board shall give a surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety, to be payable conditioned and approved in the manner provided by law. The school board may execute a blanket bond for each school district official and employee (including school business managers and any other employee who receipts and/or disburses school district funds) in the penalty of Fifty Thousand Dollars (\$50,000), unless a different penalty is prescribed by statute, to be payable, conditioned and approved in the manner provided by law. The premium on said bond shall be paid out of the school district maintenance fund."

Section 37-9-27, Mississippi Code Annotated (1972), states, "The superintendent of any school district, before entering upon the duties of his office, shall furnish a good and sufficient surety bond in the penal sum of One Hundred Thousand Dollars (\$100,000.00), with sufficient surety. Such bond shall be filed and recorded in the office of the clerk of the chancery court in which the school district is located, and shall be payable, conditioned and approved in the manner provided by law. The premium on said bond shall be paid out of the school district maintenance fund."

Finding Detail: During the review of the School District's surety bonds, the auditor noted the following exceptions:

- The following individuals had continuation/renewal bonds instead of official bonds:
 - Five Board members;
 - Superintendent;
- The Deputy Superintendent was designated as a Purchasing Agent per the District's Policy but was not bonded as such; and
- The following individuals' bonds had gaps in coverage from January 1, 2020 through March 1, 2020 due to the dating of rider extending coverage terms: two Board members.

Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: We recommend the North Panola School District ensure compliance over surety bonds by securing new bonds every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee as statutorily required.

District's Response: The Deputy Superintendent is not bonded as a purchasing agent because he is not serving as a purchasing agent for the District. The District will work with the insurance company to ensure all officials are properly bonded as required. Continuation bonds will no longer be used.

Auditor's Note: At the time of testing, the District's Board Policy designated the Deputy Superintendent as a Purchasing Agent; therefore, they should be bonded as such. If the Deputy Superintendent is not serving as a Purchasing Agent within the District, the School Board should consider revising its Board policy.

Repeat Finding: No.

End of Report

Corrective Action Plan North Panola School District.

Finding 1.

Building Principals or Assistant Principals are responsible for overseeing the completion of the transmittal sheets by the gate worker and then depositing the money at the bank. The Building Principals serve as the game administrators for all games while the Athletic Director is coaching Football. The Athletic Director helps with these duties for the other sports. The district has also started using Go Fan as an option to have less cash on hand. Signature stamps will be prohibited for any financial related documents which will require an actual signature. The transmittal forms and game boxes with tickets will now originate in the Business office to ensure that the beginning ticket numbers are not changed or left off the forms. Transmittal forms will be requested within five days of the event.

Finding 2.

The district has implemented the remote link purchasing system in the Marathon software package so that clerical staff of the Principals and Directors are putting in the requisitions and the Principals and Directors are approving the requisitions before they come to the Business Office. Federal Programs staff put in all federal programs requisitions before going to the Business Office. Once they get to the Business Office, the Business manager approves. The Accounts Payable clerk matches the packing slips, receiving reports and invoices with the purchase order before entering payment. Approving both requisitions and the purchase orders?

Finding 3.

Activity Fund disbursements are now being handled by the normal docket process so that unless, the Superintendent has specific board authority to release certain claims before the board meeting, the activity fund checks are put on the claims docket for board approval before the checks are issued.

Finding 4.

The Board is being trained through Mississippi School Board Association to make sure they are aware of the correct procedures that must be followed for related parties. The school board clerk who creates the electronic board book will also include reminders for board members as related party staff members are recommended so that this issue will not continue to take place.

Finding 5.

The business manager will send explicit directions for the newspaper to meet the requirements of the state statute regarding the Notice of Proposed Ad Valorem Tax Effort.

Finding 7.

Personnel files are maintained by Assistant Superintendent.

Superintendent's secretary fingerprints all employees upon hire and sends off to the Child Abuse Registry and the criminal backgrounds are checked using a Background Check machine to ensure that no one goes on the board agenda without a background check being performed. Once the results return, the Assistant Superintendent is responsible for verifying and dealing with any prior findings. He is also responsible for verifying years of experience and teacher licenses. Once this is complete, the person is recommended to the board for approval. The district plans to implement supplemental contracts and at-will agreements for all employees for the 2023-2024 school year.

Finding 8.

The Superintendent's secretary and Payroll Bookkeeper will work together to assist anyone hired that is currently a PERS retiree to complete the form 4-B and the Payroll Bookkeeper will complete the district's portion of the form to ensure the form 4-B is properly completed within five days of the person being

hired. The district will also ensure that no board member is paying PERS even if employed by another district.

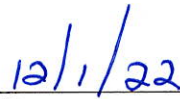
Finding 9.

The district is no longer issuing anyone an EEF card that does not have a valid teaching license even if they are serving as the teacher for the class. The district will wait to issue these employees cards once they receive their license if cards are available at that point. The business manager and the assistant superintendent will make sure each teacher has a valid teacher license.

Finding 10.

The Business Manager will contact the insurance agent to facilitate the purchase of new surety bonds on each employee required to be individually bonded each year. The district will ensure that no one has a bond to expire during the school year.


Signed _____


Date _____